THE MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (g). The information is being collected and will be laid on the table of the House.

Depression in the stock market

6929. SHRI CHIMANBHAI MEHTA:
MAULANA OBAIDULLAH KHAN AZMI:

Will the Minister of FINANCE be pleased to state:

(a) what are the reasons for the depression in the stock market;

(b) whether it is a fact that UTI is of loading shares in substantial measure:

(c) if so, the reasons therefor;

(d) whether the bridge loan ban has any adverse effect on stock market;

(e) whether shares holders are allowed to mortgage their shares against bank advances;

(f) if not the reasons therefor;

(g) what are the restrictions on the primary and seconday stock markets; and

(h) what are the reasons for lack of liquidity in stock exchange?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Prices of securities in the stock market and their indices are liable to fluctuate on account of the interplay of various factors such as expectations of investors relating to the over-all economic environment, the performance of the corporate sector, transactions by large institutional investors including Foreign Institutional Investors, capital market trends overseas including the secondary market prices of global depository receipts issued by Indian companies, and of expectations of changes of policy. Stock prices are also affected by speculative forces and the intensity of this element varies in different circumstances.

(b) During the period between July, 1994 and April, 1995, Unit Trust of India (UTI) has purchased shares worth of about Rs. 1957 crores and sold shares worth Rs. 14-24 crores.

(c) Does not arise, in view of answer to (b) above.

(d) It is not feasible to quantify the impact of ban on bridge loan on stock market.

(e) and (f) Share holders are allowed to obtain bank advance against mortgage of shares in accordance with the guidelines/instructions issued by the Reserve Bank of India (RBI) from time to time. At the present individuals, shares and stock brokers and Trusts and endowments are allowed to obtain advances against primary security of shares and debentures.

(g) The restrictions in the Primary and Secondary stock markets is given in the Statement (*See* below)

(h) Liquidity in the stock market is dependent, inter alia, on business decisions of large institutional investors, socio economic and political factors, market perceptions of investors, brokers etc. Each factor impinge on the other and cumulatatively affect liquidity position in the market.

Statement

Restrictions on the Primary and Secondary market

(A) Primary market:

(i) A company seeking to list equity capital must issue equity capital of at least Rs. 3 crores.

(ii) A minimum of 25 per cent of each class of securities should be offered to the public for subscription.

(iii) A public issue, rights issue or offer for sale requires clearance by SEBI.

(iv) Rules, Regulations and Guidelines framed by Securities and Exchange Board of India for Merchant Bankers.

(B) **Secondary market:**

Activities in the secondary market are to be conducted within the framework of:

(i) Securities Contracts (Regulation) Act, 1956;

(ii) Securities Contracts (Regulation) Rules, 1957

(iii) SEBI (Stock Brokers and Sub-Brokers) Rules and Regulations, 1992.

(iv) The Companies Act, 1956;

(v) Bye-laws, Rules, Regulations etc. of the respective Stock Exchanges, which includes, inter alia:

(i) Daily margins imposed on dealings in specified group shares;

(ii) Short selling is prohibited as and when such a necessity is felt.

(iii) Members are asked to stop trading wheneer it is felt that they have over-extended their positions.

(iv) Ad hoc marging are imposed on members, as and when felt, for the smooth functioning of the Secondary market.

Committee to review the performance of Regional Rural Banks

6930. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether NABARD has appointed a Committee to review the performance of the Regional rural Banks with representatives from various States;

(b) whether there is any representation from Karnataka in the Committee; and

(c) what is the eomposition of the committee and its terms of reference?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) No, Sir.

(b) and (c) Do not arise.

Restructuring UTI

6931. SHRI SATISH PRADHAN : Will the Minister of FINANCE be pleased to state :

(a) whether a number of shady deals involving crores of rupees have come to the notice of Government recently;

(b) if so, the details thereof alongwith the names of the officers/institutions involved and action taken/proposed thereon;

(c) whether Government are considering a perposal for restructuring UTI for better performance based on Expert Committee and if so, the details thereof; and

(d) what is the performance of UTI during 1994-95 in terms of set norms and what are the targets for 1995-96?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) In the absence of any reference to any specific transaction, Government is not in a position to provide the required information.

(c) There is no proposal.

(d) The Unit Trust of India had set a target of raising Rs. 10,000 crore from investors in the year July-June, 1994-95 and had achieved the target by April, 1995. UTI is likely to raise Rs. 15,000, crore fom investors during 1994-95. It has set a target of Rs. 10,000 crore for the year 1995-96.

Racket of stolen shares

6932. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the racket trading in stolen shares is continued in the market till today;